

Message Text

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ACTION NEA-07

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 6901

INFO AMEMBASSY AMMAN UNN

AMEMBASSY BEIRUT

AMEMBASSY DAMASCUS UNN

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

S E C R E T SECTION 1 OF 2 CAIRO 9801

LIMDIS

E.O. 11652: GDS

TAGS: PFOR UR EG

SUBJECT: ASSESSMENT OF EGYPTIAN-SOVIET RELATIONS

FOLLOWING SINAI II AGREEMENT

1. SUMMARY: ADVERSE SOVIET REACTION TO SINAI II AGREEMENT HAS CONVINCED PRES SADAT THAT HIS LONG STANDING PERSONAL ANTIPATHY FOR SOVIET LEADERS AND HIS DEEP SUSPICION OF SOVIET MIDDLE EASTERN POLICIES WERE FULLY JUSTIFIED. AS A RESULT, HE HAS BECOME INCREASINGLY

DEROGATORY AND HARSH IN HIS DETAILED PUBLIC REVELATIONS OF SOVIET PERFDY TOWARDS EGYPT SINCE NASSER'S TIME, MOST RECENTLY IN LONG SEPT 28 SPEECH (CAIRO 9657). SOME OF SADAT'S CLOSEST ADVISORS, WHILE NOT DISAGREEING WITH HIS ASSESSMENT OF SOVIETS, QUESTION THE WISDOM OF PUBLICLY ATTACKING SOVIETS SO VOCIFEROUSLY WHEN THEY
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ARE IN POSITION TO DO FURTHER HARM TO EGYPT. THIS CABLE EXAMINES

SADAT'S MOTIVES AND ASSESSES THE RELATIVE STRENGTHS AND WEAKNESSES OF THE TWO PARTIES IN DEALING WITH EACH OTHER. END SUMMARY

2. SADAT'S DISTRUST, AND EVEN HATRED, OF MOSCOW HAS CLEARLY REACHED SCALE OF PERSONAL PHOBIA. WITH A PERHAPS ORIENTIAL PERSONALIZED APPROACH TO INTERNATIONAL RELATIONS, SADAT BELIEVES HE HIMSELF HAS BEEN DECEIVED TIME AFTER TIME BY THEM: E.G. SOVIET BACKING OF ALI SABRY IN 1971 STRUGGLE FOR POWER, INADEQUATE AND SLOW SOVIET MILITARY AID DURING PRE-OCTOBER WAR PERIOD, SOVIETS' REPEATED FAILURE TO MAKE GOOD ON PERSONAL PROMISES FOR DELIVERY OF MILITARY EQUIPMENT FOLLOWING OCTOBER WAR, AND POSTPONEMENT OF BRESHNEV VISIT. SADAT HAS CONCLUDED--AND SAID AS MUCH PUBLICLY-- THAT NOT ONLY DO SOVIETS WANT TO REPLACE HIM AS PRESIDENT IF EGYPT BUT THAT THEIR POLICY OF PRESSURE AND PROCRASTINATION TOWARD EGYPT DURING PAST 10 YEARS HAS BEEN A CONTRIVED STRATEGY TO PREVENT EGYPT FROM BECOMING STRONG AND THEREFORE IMMUNE FROM SOVIET PRESSURE. SADAT'S PERSONAL ANTI-SOVIET PHOBIA IS A DETERMINING FACTOR IN CURRENT EGYPTIAN-SOVIET RELATIONS. AS LONG AS HE IS IN POWER EGYPT IS UNLIKELY TO ENTER INTO NEW UNDERTAKINGS WITH USSR IF THESE UNDERTAKINGS REQUIRE ACCEPTANCE OF MOSCOW'S GOOD FAITH. EXCEPTION WOULD BE IF USG LETS HIM DOWN IN WHICH CASE HE MIGHT HAVE TO EAT CROW. A COLLATERAL REASON FOR SADAT'S REPEATED ANTI-SOVIET DIATRIBES IS, WE SUSPECT, A HOPE THAT THIS PUBLIC DEMONSTRATION OF HIS ATTITUDE WILL MAKE USG AND US CONGRESS MORE WILLING TO MEET EGYPT'S NEEDS.

3. WHAT INTRIGUES DIPLOMATIC OBSERVERS HERE IS WHAT SADAT EXPECTS TO GAIN (OTHER THAN ENHANCED POPULARITY) FROM CONSTANT PUBLIC IRRITATION OF THE SOVIETS. GOE NOW HAS TWO MAJOR ISSUES PENDING IN MOSCOW: DEBT RESCHEDULING AND ARMS (INCLUDING REPLACEMENT OF OCTOBER WAR LOSSES, FULFILLMENT OF PRIOR CONTRACTS AND DELIVERY OF SPARE PARTS AND SUPPORT EQUIPMENT). WITHOUT ADEQUATE SPARE PARTS FOR EGYPTIAN MILITARY EQUIPMENT SUPPLIED BY SOVIETS, ARMED FORCES WOULD SOON, OR MAY ALREADY BE, IN A BAD WAY. OTHER POSSIBLE SOURCES FOR SOVIET SPARE PARTS (E.G. YUGOSLAVIA, CZECHOSLOVAKIA, INDIA, ROUMANIA AND NORTH KOREA) ARE NOT LIKELY TO BE ABLE TO FILL THE GAP EVEN IN MEDIUM TERM. EQUIPMENT PURCHASED FROM WESTERN EUROPEAN SOURCES WILL NOT ARRIVE IN ANY QUANTITY FOR SEVERAL YEARS. EGYPT'S MILITARY IMBALANCE VIS-VIS ISRAEL IS ALREADY UNFAVORABLE AND REPORTS OF

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MASSIVE U.S. ARMS AID TO ISRAEL HAVE CREATED TWO MAJOR PROBLEMS FOR SADAT. ON THE ONE HAND, AS EGYPT'S MILITARY INFERIORITY BECOMES MORE OBVIOUS, HIS PROTESTATIONS THAT HE HAS NOT MADE SEPARATE PEACE (AND WILL BE PREPARED TO GO TO WAR IF PEACEFUL PATH FAILS) WILL LOSE ANY SEMBLANCE OF CREDIBILITY. SECONDLY, AND POTENTIALLY MORE DANGEROUS, IS PROBABLE ADVERSE REACTION WITHIN THE EGYPTIAN MILITARY TO A CONTINUING SHORTAGE OF NEW ARMS AND SPARE PARTS IN FACE OF ISRAEL'S GROWING POWER. SADAT MUST THEREFORE SOON

FIND A NEW SOURCE OF MAJOR MILITARY WEAPONS AND HE EXPECTS
U.S. TO ASSURE THAT HE DOES.

4. SOVIETS HOLD MINIATURE SWORD OF DAMOCLES OVER EGYPTIAN
ECONOMY. SINCE 1957, SOVIETS HAVE COMMITTED ABOUT DOLS 1.5 BILLION
WORTH OF CREDITS AS ECONOMIC ASSISTANCE TO EGYPT, APPROXI-
MATELY 60 PERCENT OF WHICH HAS BEEN DRAWN DOWN. EMPHASIS IN
SOVIET AID HAS BEEN IN FOLLOWING AREAS: HIGH DAM, HELWAN STEEL
COMPLEX, CEMENT PLANTS, COTTON TEXTILE MILLS, CERAMIC FACTORIES
AND NAG HAMMADI PHOSPHORUS AND ALUMINUM PLANTS. IF SOVIETS
WERE TO TIGHTEN ECONOMIC SCREWS, EGYPTIANS COULD LOSE ACESS TO
UNUSED CREDITS, BUT THEY ARE APPARENTLY NOT EAGER TO USE THEM IF
ALTERNATE SOURCES ARE AVAILABLE. WE HAVE NO EVIDENCE THAT SOVIETS
ARE INVOLVED IN ACTUAL FUNDING OF DAY-TO-DAY OPERATIONS OF VARIOUS
AID PROJECTS SO SOVIETS PRESUMABLY COULD NOT EASILY CLOSE DOWN
THESE FACTORIES AND CREATE MASS UNEMPLOYMENT.

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5. MOST IMPORTANT ASPECT OF SOVIET ECONOMIC RELATIONS FROM STANDPOINT OF SHORT TERM EFFECT IS IMPORTANCE OF BILATERAL TRADE AGREEMENTS WITH SOVIET UNION AND EASTERN EUROPEANS. SOVIETS ARE MAKING THIS POINT SPECIFICALLY HERE IN CAIRO; SOVIET CHARGE AKOPOV RECENTLY REMINDED PEOPLES ASSEMBLY MEMBER MUSTAFA MURAD THAT USSR IMPORTS LE 30 MILLION OF AGRICULTURAL AND INDUSTRIAL PRODUCTS--FURNITURE, READY-MADE CLOTHING, CITRUS--AND THAT A GREAT MANY POOR EGYPTIANS WOULD BE HURT IF SOVIETS WERE TO CEASE THESE IMPORTS. (IT IS LIKEWISE TRUE THAT EGYPT WOULD HAVE DIFFICULTY FINDING OTHER MARKETS FOR THESE GOODS). IN ADDITION AKAPOV REMINDED MURAD, WHO IS CHAIRMAN OF EGYPTIAN COTTON ORGANIZATION, THAT SOVIET MARKET IS AN IMPORTANT ONE FOR EGYPTIAN COTTON, AND THAT IF BILATERAL TRADE WERE TO CEASE, EGYPT WOULD HAVE TO SEEK ESSENTIAL RAW MATERIALS, NOW OBTAINED FROM USSR AND EASTERN EUROPE, IN HARD CURRENCY MARKETS. THIS WOULD BE A SEVERE BLOW TO ALREADY
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DISMAL FOREIGN CURRENCY SITUATION. IN ADDITION, FOREIGN MINISTER FAHMY HAS TOLD US THAT SOVIETS ARE THREATENING TO CUT OFF SUPPLY OF SPARE PARTS FOR ESSENTIAL MACHINERY AND RAW MATERIALS FOR HELWAN STEEL COMPLEX WHICH, IF CARRIED OUT COULD MEAN SHUTDOWN OF THOSE FACILITIES AND "25,000 UNEMPLOYED". THIS WOULD BE DRASTIC ACTION FOR SOVIETS TO TAKE AND COULD COST THEM HEAVILY AMONG THOSE LABOR ELEMENTS UPON WHOM THEY ARE PROBABLY COUNTING FOR A FUTURE COMEBACK.

6. SOVIET CAPABILITY TO CAUSE INTERNAL THREAT IS PRESENT IN FORM OF UNDERGROUND COMMUNISTS, AGENTS, AND INFLUENCE WITHIN LABOR AND STUDENT MOVEMENTS. IT IS, HOWEVER, A THREAT THAT GOE SECURITY AUTHORITIES MONITOR CAREFULLY. WHILE WE HAVE NO ACCURATE FIGURES ON PARTY MEMBERSHIP OR COMMUNIST-INFLUENCED ORGANIZATIONS, WE BELIEVE THEY ARE NOT SUFFICIENTLY INFLUENTIAL TO MOUNT A SERIOUS THREAT TO SADAT ON THEIR OWN. THEY COULD PLAY, HOWEVER, A CRUCIAL ROLE IN EXPLOITING SOCIAL AND ECONOMIC GRIEVANCES FOR THEIR OWN POLITICAL ENDS.

7. IN FACE OF THIS VERY SUBSTANTIAL SOVIET CAPABILITY TO DAMAGE EGYPT,

WHAT WEIGHT CAN SADAT BRING TO BEAR ON SOVIETS TO PREVENT MORE DRASTIC ACTIONS AND OBTAIN WHAT HE STILL NEEDS FROM THEM? THERE IS FIRST AND FOREMOST PIVOTAL ROLE OF EGYPT IN ARAB AFFAIRS AND IN THE ARAB-ISRAELI CONFLICT. SADAT PORBABLY REASONS THAT UNLESS SOVIETS DECIDE TO OPT OUT OF MIDDLE EAST THEY CANNOT RISK A COMPLETE RUPTURE WITH EGYPT. SADAT HAS BEEN CAREFUL NOT TO ELIMINATE MOST IMPORTANT REMAINING SOVIET INTEREST, CONTINUING USE OF NAVAL FACILITIES AT ALEXANDRIA. SOVIETS ENJOY NO OTHER PORT FACILITIES IN MEDITERRANEAN COMPARABLE TO THOSE IN ALEXANDRIA AND ARE PRESUMABLY

WILLING TO PUT UP WITH VERBAL ABUSE IN ORDER TO KEEP THEM. THE
THREAT OF AN EGYPTIAN ABROGATION OF THE 1971 TREATY OF FRIENDSHIP
IS OF LESS CONSEQUENCE, BUT PRESUMABLY SOVIETS WOULD NOT WISH
SADAT TO RENOUNCE IT. HE HAS FROM TIME TO TIME TOYED WITH IDEA,
BUT HAS ALWAYS BEEN ADVISED AGAINST DOING SO--SOME MONTHS AGO EVEN
BY SAUDI MODA PRINCE SULTAN--ON GROUNDS HE SHOULD NOT PUT ALL HIS
EGGS IN US BASKET. FINALLY SOVIETS WOULD APPEAR TO HAVE VERY STRONG
INTEREST IN MAINTAINING MOST EXTENSIVE PRESENCE THEY CAN INSIDE
EGYPT IN HOPES THAT, BY DESIGN OR ACCIDENT, THEY WILL SOON SEE
SADAT REPLACED. THEIR EXPERIENCE ELSEWHERE IN THE MIDDLE EAST
(ISRAEL) AS OUR OWN (IRAQ, SYRIA), HAVE DEMONSTRATED THAT IT IS
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DIFFICULT TO RETURN ONCE ONE WITHDRAWS COMPLETELY.

10. COMMENT: ON BALANCE, WE CONCLUDE THAT BOTH PARTIES
HAVE CONSIDERABLE INTEREST IN AVOIDING FURTHER DETERIORATION OF
RELATIONS. DESPITE APPARENT WEAKNESS OF EGYPT'S POSITION
VIS-A-VIS USSR, SADAT CONTINUES TO HOLD SOME IMPORTANT
CARDS AND APPEARS TO BE PLAYING THEM WITH SKILL. HE IN FACT
PROFESSES TO BE CONVINCED HE HOLDS TRUMP CARDS. NOT LEAST OF
THESE IS HIS ABILITY TO "EXPOSE" USSR'S PAST MISDEEDS AS
EGYPTIANS SEE THEM. IF, BY DESIGN, OR THROUGH MISCALCULATION
BY EITHER PARTY, NEAR TOTAL RUPTURE SHOULD TAKE PLACE, IT IS
VIRTUALLY CERTAIN THAT SADAT WILL TURN TO THE U.S. TO COME TO THE
RESCUE ON ALL FRONTS, AS HE ALREADY HAS IN SPECIFIC AREAS.
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